

07

## Louisiana Education Quality Trust Fund

**Annual Report** Fiscal Year 2007



*Prepared by: John Kennedy, State Treasurer*





**It is hard to believe that we have reached the two year anniversary of Hurricanes Katrina and Rita.**

Recovery in our school systems has been steady with schools reopening and students returning to their classes. Rebuilding in certain areas of our state, however, has been slow at best. The damages caused by these storms are not insurmountable, but a full recovery will take longer than many of us hoped.

One aspect of our state's recovery that is on the forefront of most taxpayers' minds is reforming our education system. I am pleased to report that while the state works to rebuild areas affected by the hurricanes, education remains a top priority of the Board of Regents (Regents) and Board of Elementary and Secondary Education (BESE). Thanks in part to the Louisiana Education Quality Trust Fund (LEQTF), much-needed funds will continue to supplement Regents and BESE education projects from Prekindergarten to the university level. With an excellent rate of return like this fiscal year's 9.71 percent, this goal should be easily attainable.

# LOUISIANA EDUCATION QUALITY TRUST FUND



and rebuilding the state's university research infrastructure. Each of the PKSFI projects addresses a critical economic or educational issue facing Louisiana.

This year's annual report also highlights BESE's funding for the support and enhancement of elementary and secondary education in public and nonpublic systems and independent schools.

Regents and BESE work hand-in-hand to use LEQTF funds to enact positive change on all levels of education in our state. Two years after the hurricanes, these efforts are more important than ever. The Treasury, BESE and Regents will continue to work together to keep education enhancement a top priority in Louisiana. As rebuilding continues in the state, funds from the LEQTF will ensure a sustained recovery of Louisiana's schools and universities.

**John Kennedy**  
State Treasurer



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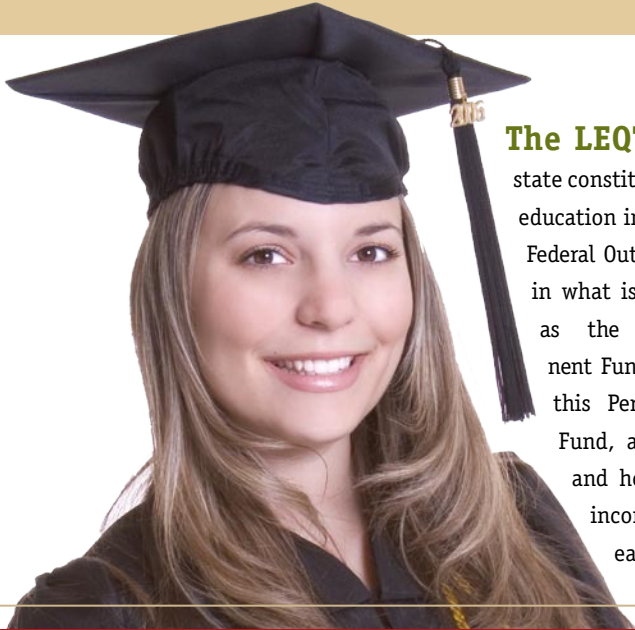


# TABLE OF CONTENTS

## ANNUAL REPORT



Treasurer's Letter .....	1
History of the LEQTF .....	3
Annual and Cumulative Allocations .....	4
Investment Results and LEQTF Income .....	5
LEQTF Market Value and Cumulative Allocations (graph) .....	6
Investments Performance Comparison .....	7
LEQTF 2007 Market Commentary .....	8
Portfolio Characteristics/Asset Allocation .....	11
Board of Regents .....	12
Board of Regents Overview .....	13
Statewide Results .....	16
Post Katrina Feature Section .....	19
Regents Feature Section .....	22
BESE .....	29
BESE Overview .....	30
8(g) Grant Programs .....	31
Elementary/Secondary Competitive Grants .....	32
Elementary/Secondary Student Enhancement Block Grants .....	33
Statewide Grants .....	34
Conclusion .....	35



**The LEQTF was established in 1986** in the state constitution by Louisiana voters to improve the quality of education in the state. The LEQTF receives funds through the Federal Outer Continental Shelf Lands Act and deposits them in what is known

as the Permanent Fund. From this Permanent

Fund, a separate Support Fund was created to receive and hold 75 percent of the earnings from investment income and royalty income and 25 percent of the earnings from net capital gains/losses. Conversely, the

## HISTORY OF THE LEQTF

Permanent Fund receives and holds 25 percent of the earnings from investment income and royalty income and 75 percent of the earnings from net capital gains/losses. Annual monetary allocations are made from the Support Fund to two state agencies:

BESE for Prekindergarten through 12th grade and Regents for higher

education. This report documents the financial condition of the LEQTF and the activities sponsored by these two state agencies receiving allocations from the Support Fund.

### Timeline Highlighting the History and Major Activities of the LEQTF

1978	1986	1987-1991	1992-1996	1994	1995	1997-2001	2001
<p>Congress requires the federal government to share offshore oil and gas revenues with all coastal states including Louisiana. These funds go into escrow until formal agreements and a formula to divide earnings are established.</p>	<p>Congress decides that coastal states will get a portion of these escrow funds as well as monthly earnings on mineral leases.</p> <p>LEQTF is created in the Louisiana Constitution.</p> <p>Louisiana's first payment is \$640.7 million, of which \$540.7 million goes into the LEQTF. Investment earnings and royalty income are available for allocations.</p>	<p>Louisiana receives \$2.5 million in annual settlement payments.</p>	<p>Annual settlement payments increase to \$5.9 million.</p>	<p>Constitutional amendment allows the State Treasurer to invest up to 35 percent of LEQTF assets in the stock market (equities) and permits fund management expenses to be appropriated from the Support Fund.</p>	<p>The Treasury begins placing LEQTF assets in an equity index fund.</p>	<p>Louisiana receives \$8.4 million in annual settlement payments through the final payment in Fiscal Year 2000-2001 (ending June 30, 2001).</p> <p>Congress decides that coastal states will get a portion of these escrow funds as well as monthly earnings on mineral leases.</p>	<p>During Fiscal Year 2000-2001 (ending June 30, 2001) legislation passed to allocate interest earnings to BESE and Regents' Support Fund balances in proportion to their balances in the total fund.</p>

# ANNUAL AND CUMULATIVE ALLOCATIONS

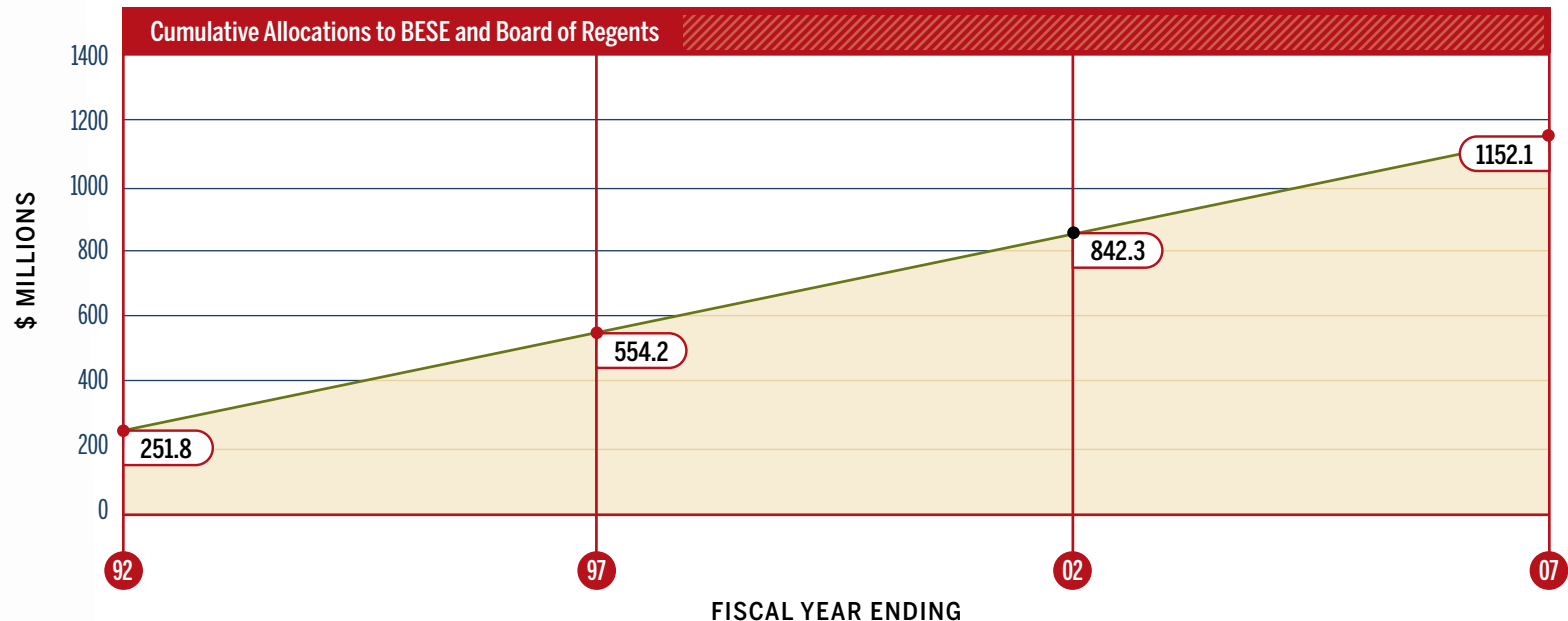


*The Treasury invests the LEQTF in order to preserve the Fund's capital, enhance its market value and provide a stable and predictable income. The Treasury's guiding principle for LEQTF investments is to maximize taxpayers' benefits for years to come.*

After first allocating earnings pursuant to Act 698 of the 2001 Regular Louisiana Legislative Session, net earnings are then split 50/50 between BESE and Regents. This may cause slight variations in total allocation amounts between the two agencies from year to year.

The LEQTF allocated \$32.5 million to BESE and \$32.6 million to Regents for Fiscal Year 2006-2007 (FY 2007). Over the life of the LEQTF, it has allocated a total of \$1,152.1 million to these two agencies, making it a stable source of revenue for a variety of educational enhancements and opportunities for Louisiana students at every level of education.

Within BESE, this fund is known as the 8(g) fund, and within Regents it is called the Board of Regents Support Fund (BoRSF). Please note that it is normal for the allocation amounts reported here for BESE and Regents to vary slightly from the total award amounts reported by those two agencies in their respective sections of this report.



# INVESTMENT RESULTS & LEQTF INCOME

*There are three major sources of income for the LEQTF: **Investments**, **Royalties** and **Capital Gains/Losses**. For FY 2007, the LEQTF earned a total of \$87.4 million in income, which includes interest, dividends, securities lending and royalty income and capital gains.*

## Investments

As stated earlier, 75 percent of these earnings are credited to the Support Fund and 25 percent are reinvested in the Permanent Fund. Income from investments totaled \$57.4 million and consists of interest income, dividend income and securities lending income.

**Interest Income:** The LEQTF holds a variety of fixed-income

investments, including U.S. Treasury and Agency securities as well as other investment-grade bonds. LEQTF earnings from coupon interest for FY 2007 totaled \$49.2 million.

**Dividend Income:** The LEQTF invests in the stocks of publicly traded companies. These companies distribute their earnings to shareholders in the form of dividends. Dividend income from LEQTF equity investments in FY 2007 was \$8.1 million.

**Securities Lending Income:** LEQTF securities holdings are sometimes temporarily loaned to major Wall street brokerage firms, providing an additional source of income for the Fund. For FY 2007, the LEQTF earned \$42,730 in additional income through the securities lending program.

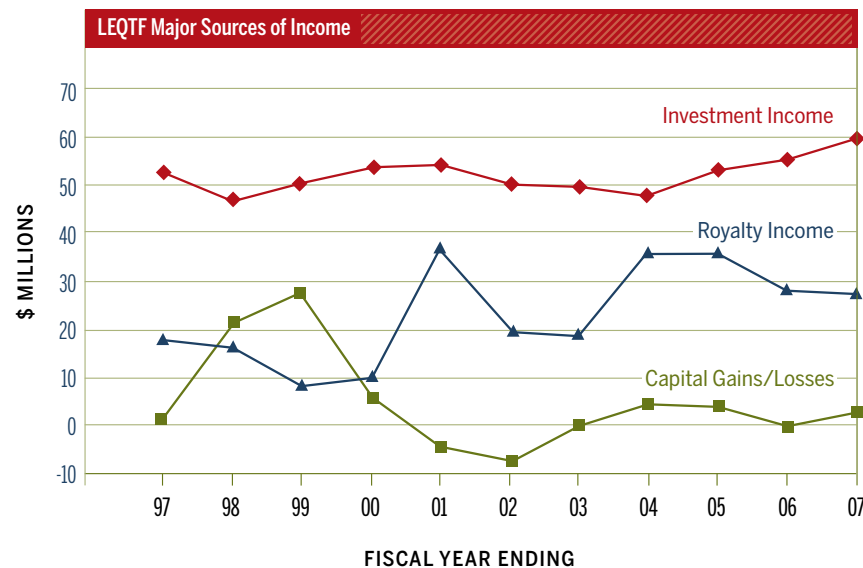
## Royalties

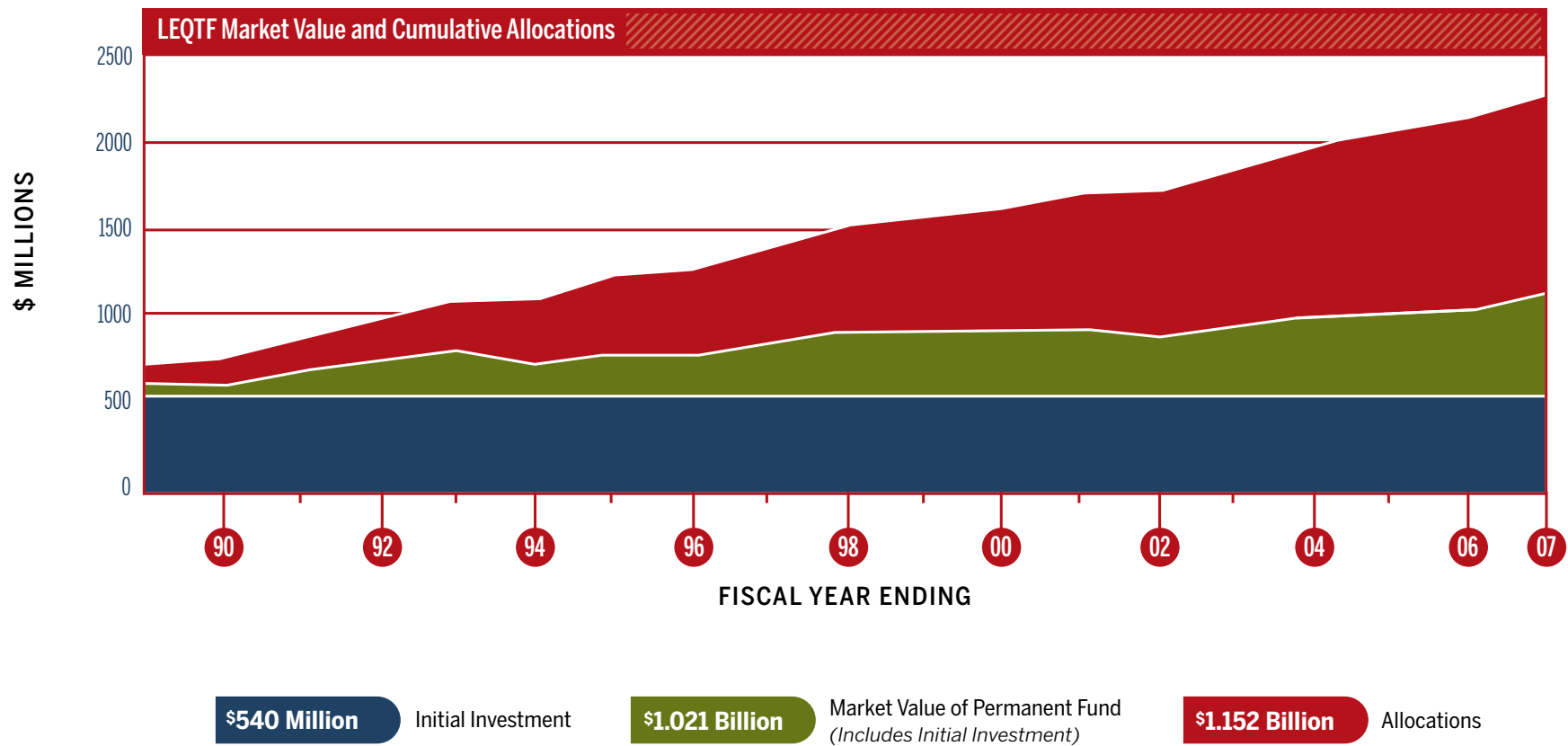
Income from royalties for FY 2007 was \$27.6 million from natural gas production on the Outer Continental Shelf in the Gulf of Mexico, subject to the 8(g) settlement with the federal government. This portion of the Fund's income is a direct result of natural gas prices and tends to fluctuate as production and processing rise and fall.

It is important to note that once the market value of the Permanent Fund reaches \$2 billion, all investment income will be credited to the Support Fund, and recurring royalty income will revert to the State's General Fund.

## Capital Gains/Losses

For FY 2007, the LEQTF experienced \$2.4 million in capital gains during the year from the sale of assets. Of these gains, the Permanent Fund gained \$1.8 million and the Support Fund gained \$600,000. As explained earlier, the Support Fund realizes 25 percent of all capital gains or losses, and the Permanent Fund realizes 75 percent.







# INVESTMENTS PERFORMANCE COMPARISON

For FY 2007, the LEQTF bond portfolio earned a total rate of return of 6.60 percent, while the Lehman Brothers Government/Credit bond index – the portfolio’s internal benchmark – earned 5.76 percent. Total rate of return includes both interest income and capital appreciation. However, LEQTF’s bond portfolio is managed to maximize investment income for its beneficiaries. LEQTF equity investments returned 17.89 percent for the fiscal year. The S&P 500 index returned 20.59 percent, and the rest of the market measured by the Wilshire 5000 finished at 7.56 percent. In addition, the LEQTF money market fund earned 6.03 percent.

The LEQTF legislative benchmarks are the 30-day Treasury Bill and the Two-year Treasury Note. The 30-day Treasury Bill returned 5.00 percent and the Two-year Treasury Note returned 5.04 percent. The LEQTF earned a total return of 9.71 percent for FY 2007.

## LEQTF vs. Benchmarks FY 2007

Portfolio/ Benchmark	30-day T Bill	Two-year T Note	LB Govt/Corp Bond Index	LEQTF Fixed Income (Bonds)	S & P 500 Index	LEQTF Equities	LEQTF Total
Percent (%) Return	5.00%	5.04%	5.76%	6.60%	20.59%	17.89%	9.71%





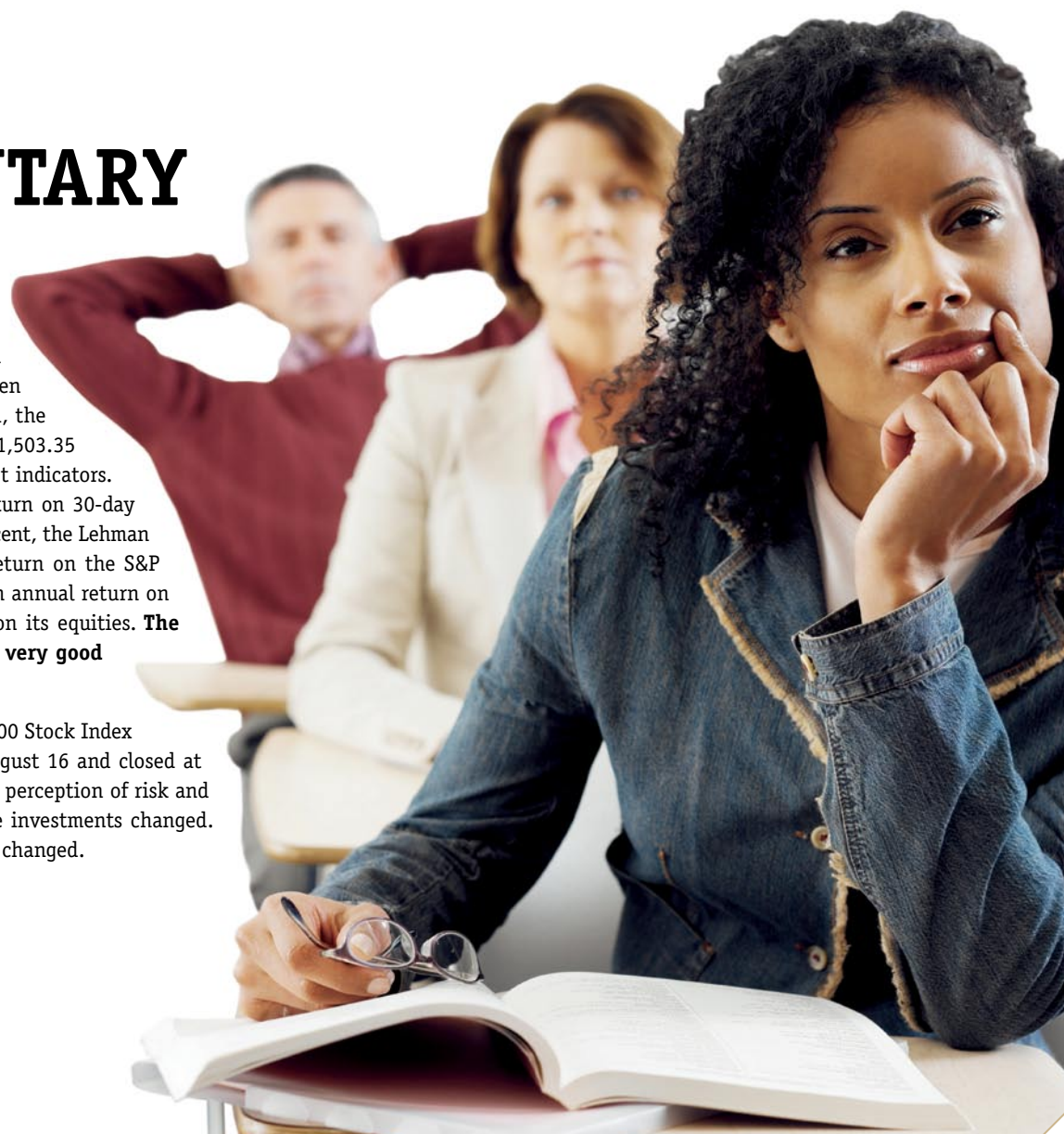
## THE 2007 LEQTF ANNUAL REPORT

# MARKET COMMENTARY

## The Year in Review

Inflation was low with the Consumer Price Index for FY 2007 at 2.7 percent, and economic growth was moderate with the Gross Domestic Product at 3.4 percent. The Federal Reserve has been on hold with the Fed Funds rate at 5.25 percent since the Federal Open Market Committee policy meeting in June 2006. During this period, the S&P 500 Stock Index went from 1,270.20 on June 30, 2006, to 1,503.35 on June 30, 2007. FY 2007 was a banner year for most major market indicators. As of the close of the fiscal year on June 30, 2007, the annual return on 30-day Treasury Bills was 5.0 percent, Two-year Treasury Notes was 5.04 percent, the Lehman Government Credit Bond Index was 5.76 percent, and the total return on the S&P 500 Index was 20.59 percent. In FY 2007, the LEQTF experienced an annual return on its fixed income investments of 6.60 percent and 17.89 percent on its equities. **The total return on LEQTF investments was 9.71 percent. It was a very good investment year.**

Fiscal Year 2008, however, has not had a promising start. The S&P 500 Stock Index was 1,503.35 on June 30, 2007. It fell to a low of 1,370.60 on August 16 and closed at 1,449.63 on August 31, 2007. What happened? What changed? The perception of risk and the relationship between mortgage credits and other fixed income investments changed. The market's perception of risk to the current economic expansion changed.



## The Mortgage Mess

The genesis of the mortgage mess started with the noble idea of trying to find ways to allow lower income, less credit worthy families buy homes. The idea morphed into ways to allow more people to buy larger, more expensive homes. Wall Street used the low interest rate environment of 2004, 2005 and 2006 to package these loans into new forms of mortgage-backed securities and sell them to eager investors seeking higher yields. And that is how the mortgage market became inundated with no doc loans, teaser rate loans, interest only loans and jumbo loans.

Teaser rates on mortgage loans (loans that start out at a low interest rate for some period of time and then adjust to some index) have been around for a while. The idea that you can take out a mortgage loan without traditional documentation of ability to pay is relatively new. The idea that you can take out a jumbo loan, currently a mortgage greater than \$417,000, finance it for up to 40 years, and only pay the interest on it for the first couple of years is even newer.

The probability that consumers who take out these types of mortgage loans might have more trouble paying them than would traditional mortgage borrowers now seems obvious. There has been a disconnect between all things related to non-standard and non-prime mortgages and all other fixed income investments. Sub-prime mortgages, jumbo mortgages and alt-a mortgages have all become waste. It seems like no dealer, underwriter or financier wants to touch them. It is as if there was a game of musical chairs, the music has stopped, and anyone left standing holding this paper is out of the game.

In addition, mortgage companies are laying off thousands of employees, which is a major problem for this segment of the economy. It is hard to see the housing market doing well if there are less companies willing and less employees able to underwrite mortgages. The median price of American homes is expected to fall this year for the first time since federal housing agencies began keeping statistics in 1950. But even with the price of a home decreasing, how can you buy a home if you cannot get a mortgage?

People with low or marginal credit will find it extremely hard, if not impossible to buy a house for some period of time. People with low or marginal credit who own a home financed with a sub-prime or alt-a mortgage will find it extremely hard, if not impossible to refinance that mortgage for some time. People who want to buy a bigger home and finance it with a jumbo mortgage will probably have to come up with a much larger down payment and have excellent credit. How long will this last? However long it takes the mortgage market to heal itself.



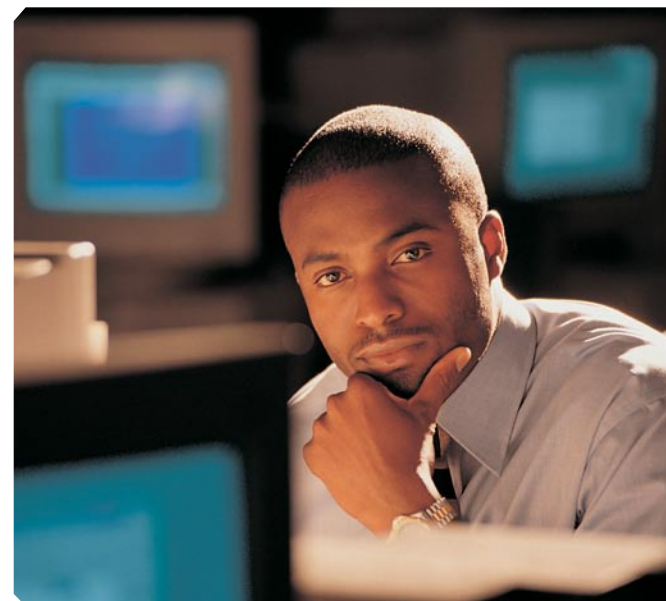
## What Does This Mean To Investments?

Funds that are holding investments backed by these types of mortgage loans have already been hit with significantly lower market values. The good news is that this has caused a re-examination of the risk premiums of various types of fixed income securities. This is both overdue and needed. The risk spread between Treasuries and all other securities got way out of kilter as interest rates first decreased and then increased in the last couple of years. The market is healing itself. It does not do this without pain, but it is healthy.

What does this mean to the equity markets? The current correction in the stock market is a good thing. Some will see fear and back away, others will see opportunity and dive in. Both are reasonable responses depending on the investor's appetite for risk.

In general, the LEQTF and the state's investments have no direct exposure to the mortgage mess. As investment grade institutional investors, our exposure is to the effects that the mortgage mess has on the broad markets and the economy.

This is a credit problem. It happened in the 1980s and the 1990s with mobile home loans, bank loans and savings and loans. The market's ability to sell a product regularly gets ahead of its ability to correctly evaluate credit and measure risk. Historically, however, these episodes usually build a base from which strong markets grow.



## What Does This Mean to the Economy?

The mortgage mess is obviously going to affect the housing market which will be a drag on the national economy. Large financial institutions are backing away from financing non-standard mortgages and the companies that underwrite them. How much of this will spill over to conventional mortgages that are underwritten to HUD standards remains to be seen. Not all areas of the country will be affected evenly. Because of the difference in the average cost of a home and other economic factors, like continued hurricane recovery, places like Louisiana may be relatively less affected by the mortgage mess than other areas like California or Florida. However, if the credit crunch currently being experienced in the mortgage loan market spills over to the consumer or commercial loan markets, it would be bad for the economy. It is still just too early to tell how

extensively this will affect the economy as a whole. So far, the Federal Reserve has gotten high marks for its handling of the mortgage mess by cutting the Fed Funds and Discount rates by 50 basis points, and it still has many tools that it can use to help fix the problem.

The good news is that the housing market is but one part of the country's economic engine. Recent economic statistics suggest average personal income is increasing, and personal consumption, government consumption and business investment are all still positive. The Consensus Economics forecast for 2008 predicts growth in real Gross Domestic Product at about 2.8 percent. That is down slightly from earlier forecasts, but very promising.





### Portfolio Characteristics

	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	6/30/06	6/30/07
Mkt. Value Of LEQTF Portfolio (Includes Support fund)	\$908,556,669	\$888,000,370	\$952,742,999	\$1,005,033,900	\$1,059,230,247	\$1,041,737,051	\$1,109,019,685
Mkt. Value of Permanent Fund	\$831,338,021	\$812,737,083	\$877,000,364	\$925,090,381	\$975,661,638	\$958,642,904	\$1,021,316,555
Unrealized Gains And Losses	\$20,246,814	-\$39,458,592	\$13,473,526	\$19,957,755	\$64,288,314	\$12,986,820	\$2,357,775
Average Maturity	16.4 Years	15.3 Years	16.7 Years	18.8 Years	16.9 Years	14.9 Years	13.3 Years
Average Coupon	7.50%	6.70%	6.30%	6.20%	6.29%	6.60%	6.33%
Total Amount Rate Of Return	4.1%	1.4%	12.1%	7.1%	9.6%	1.0%	9.7%

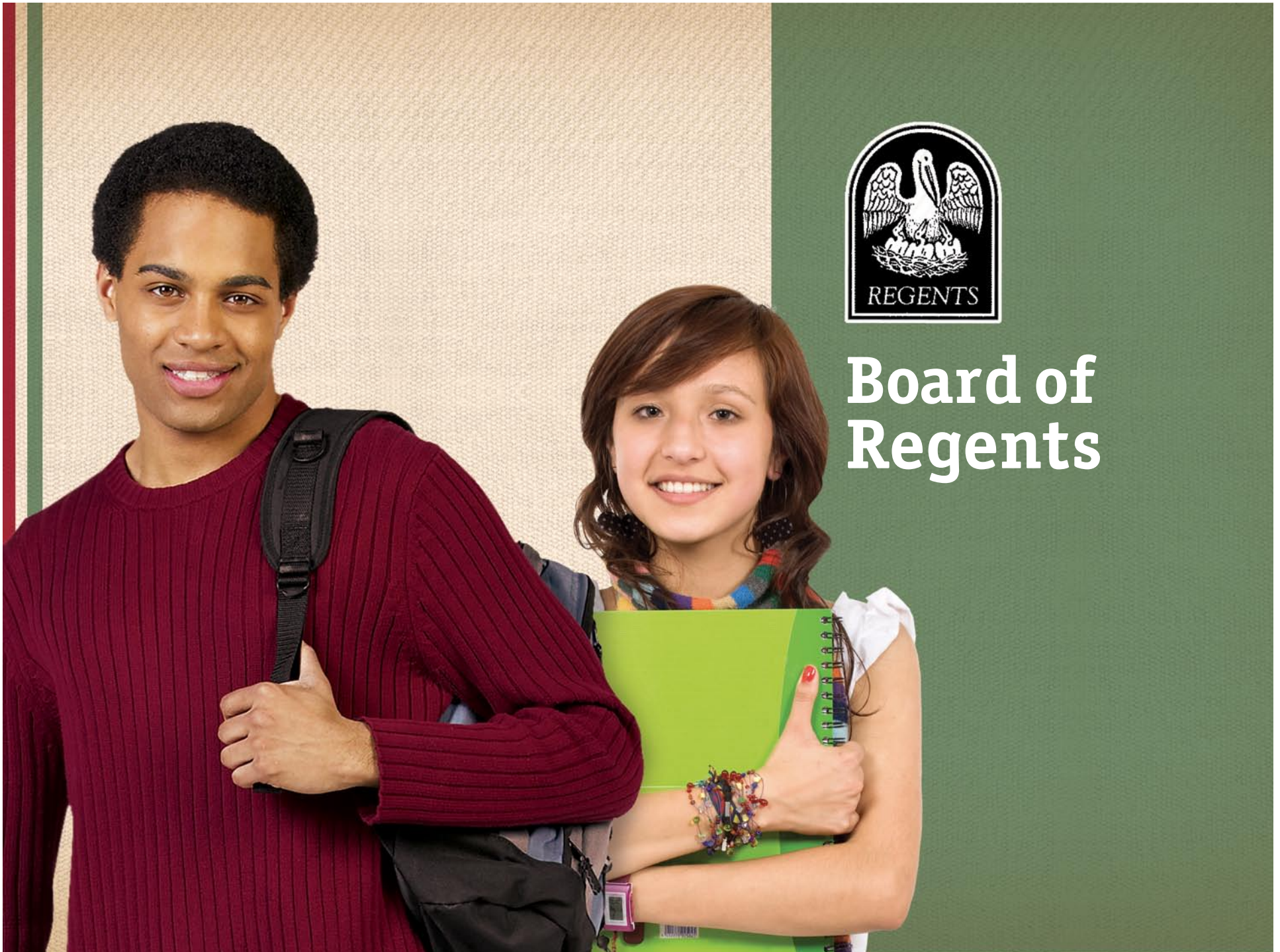
### Asset Allocation

	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05	6/30/06	6/30/07
Short-Term Funds	10.3%	2.7%	9.1%	7.3%	5.1%	3.5%	8.3%
U.S. Treasury and Agency Securities	4.5%	11.5%	13.6%	14.3%	15.0%	15.6%	11.1%
Mortgage-Backed Securities	16.8%	16.3%	8.7%	6.3%	3.1%	2.4%	6.5%
Corporate Bonds	46.6%	52.5%	49.3%	48.6%	50.6%	49.9%	45.2%
U.S. Equities	21.8%	17.0%	19.3%	23.2%	26.2%	28.6%	28.9%





# Board of Regents





# BOARD OF REGENTS OVERVIEW

## Support Fund Awards More Than \$60 Million to Louisiana Post-secondary Institutions for FY 2007

Now fully operational for more than 20 years, the Board of Regents Support Fund (BoRSF) is the envy of higher education communities across the nation.

Because LEQTF monies are in trust, and 25 percent of the interest earned each year is reinvested in the Permanent Fund, the entire LEQTF has grown to over \$1 billion. It has already spun off more than \$700 million to Louisiana colleges and universities.

In FY 2007 alone, the BoRSF awarded more than \$60 million to 37 colleges and universities across the state.

The significant benefits resulting from the investment of BoRSF monies in Louisiana's post-secondary education are even more impressive when one understands that:

1. realization of the full benefit of investment in higher education is a long-term proposition;
2. final results become obvious after a period of years; and
3. reported results include benefits derived during the life of the grants awarded and do not measure benefits following the conclusion of the relatively brief duration of BoRSF contracts.

The goal of the BoRSF is to improve the quality of education while enhancing economic development and diversification. Regents accomplishes this through the administration of four constitutionally mandated programs: endowed chairs and professorships, graduate student recruitment, the enhancement of departmental and unit infrastructures, and research and development.





### Endowed Chairs and Professorships

Since its inception, the BoRSF (with supplemental funding appropriated by the Louisiana Legislature in many years) has been able to provide more than **\$190 million** in matching grants through the program, creating **277 endowed chairs** (including 30 \$2 million “super chairs”) and **1,931 endowed professorships**.

### Graduate Student Recruitment

A total of **\$71.9 million** has been awarded by the BoRSF for the recruitment of graduate students of superior ability to Louisiana and to encourage top graduates from the state’s higher education institutions to pursue advanced degrees in Louisiana.

### Enhancement

More than **\$198.6 million** for traditional, undergraduate and special enhancements for two-year institutions has been provided since the creation of the BoRSF. This competitive grants program focuses on improving the quality of academic departments or units, which in turn enhances the infrastructure of higher education in Louisiana. Grants for one or two years are provided to departments or interdepartmental units to improve the quality of research and teaching. The objective is to achieve regional and national recognition.

Reflecting a long-range commitment to strengthen all disciplines and promote economic development through the enhancement of higher education, all disciplines are eligible to compete in the endowed chairs, recruitment for superior graduate students and enhancement components.

### Research & Development

Factoring in this year’s funding, the total for research and development since the BoRSF’s inception is more than **\$126.5 million**. Competition in the research and development component is restricted to disciplines where the promotion of basic and applied research is essential for near-term economic development. All research programs under the direction of the sponsored programs division are competitive. Out-of-state consultants review and make funding recommendations relative to proposals submitted for consideration.

In the wake of the terrible storms of 2005, the Board voted to divert from the Support Fund approximately **\$25.2 million** over a five-year period to launch a statewide effort to assist colleges and universities in refocusing research and workforce development efforts geared toward elevating the role of higher education as a driver of the state’s economic engine. After a rigorous merit-based review process, 11 awards were made in June 2007 to accomplish this purpose (see more details in a separate article that follows).





### Leveraging BoRSF Monies Through Federal Matching Grants

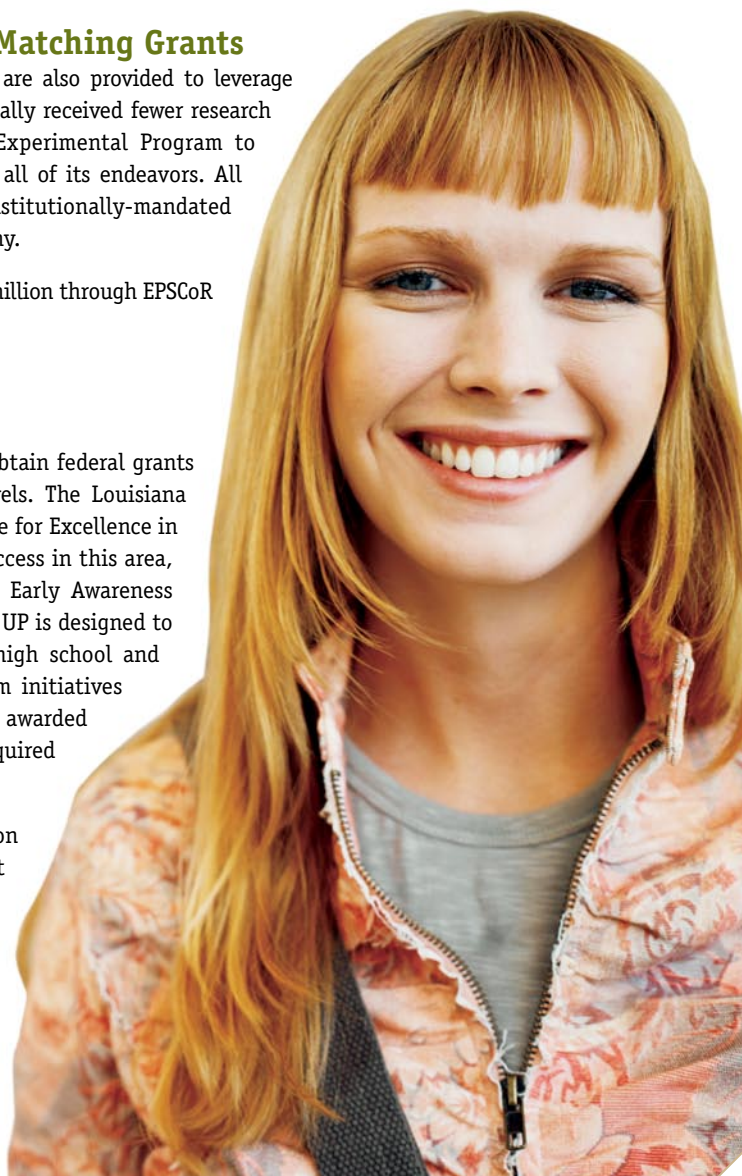
Under Regents and its planning and advisory committees, monies are also provided to leverage funding from federal research programs for states that have historically received fewer research dollars. Louisiana's federal research effort in this regard, the Experimental Program to Stimulate Competitive Research (EPSCoR), has been successful in all of its endeavors. All EPSCoR programs have included one or more of the BoRSF's constitutionally-mandated programs, enhancing both higher education and the state's economy.

Between 1987 and 2006, Louisiana was awarded approximately \$200 million through EPSCoR and other federally-funded programs leveraged through the BoRSF.

### Educational Reform Initiatives

Regents has also used BoRSF enhancement monies as leverage to obtain federal grants to implement and sustain statewide education reforms at all levels. The Louisiana Systemic Initiatives Program (LaSIP) and the Louisiana Collaborative for Excellence in the Preparation of Teachers (LaCEPT) have produced measurable success in this area, and further progress is underway through the Louisiana Gaining Early Awareness and Readiness for Undergraduate Programs (LA GEAR UP). LA GEAR UP is designed to increase the number of targeted students statewide who finish high school and succeed in college. Based on the success of the educational reform initiatives leveraged by BoRSF monies, the National Science Foundation awarded Louisiana a grant of approximately \$15 million for six years that required no state match.

In 2005 Regents decided to use BoRSF money (approximately \$3 million over three years) to provide incentives for universities to assist K-12 schools in meeting standards promulgated under the Louisiana Department of Education's accountability system. Under the K-16 Partnerships for School Reform program, awards were made to LSU - Baton Rouge, Louisiana Tech, University of Louisiana - Lafayette and the University of New Orleans to partner with one or more schools in their respective areas.





# STATEWIDE RESULTS

BoRSF investments in higher education have generated more than \$694.8 million in external funds from federal, private and industrial sources. This is a significant increase in the total monies available for higher education and represents a return of \$1.69 for every BoRSF dollar invested since the inception of the program. The figure reflects only dollars generated during the life of the awards; additional revenues will be generated after the expiration of the awards.

- External funding agencies have awarded 2,628 grants and contracts to Louisiana universities as a direct result of BoRSF investments.
- BoRSF research has led to 134 patents, and another 68 applications are pending.
- There has been an increase in institutional collaboration as evidenced by the multi-million dollar, multi-institutional grants awarded to Regents and statewide university consortia for research reform initiatives. The purpose is to increase the amount of federal research and development money awarded to Louisiana scientists and engineers statewide.



## Fiscal Year 2007 Regents Support Fund Graduate Fellows Awards

LSU and A & M College (Baton Rouge)	9	\$1,754,000
LSU Health Sciences Center – Shreveport	1	\$108,000
Louisiana Tech University	2	\$286,000
Nicholls State University	1	\$20,000
Tulane University	3	\$396,000
Tulane University Health Sciences Center	2	\$448,000
University of Louisiana – Lafayette	3	\$414,000
University of New Orleans	4	\$634,000
<b>TOTAL</b>	<b>25</b>	<b>\$4,060,000</b>

## Fiscal Year 2007 Regents Support Fund Research & Development Awards

LSU Agricultural Center	2	\$258,125
LSU and A & M College (Baton Rouge)	25	\$2,209,046
LSU Pennington Biomedical Research Center	1	\$124,719
LSU Health Sciences Center – New Orleans	1	\$92,037
LSU Health Sciences Center – Shreveport	1	\$113,822
Louisiana Tech University	4	\$414,665
Loyola University	1	\$23,110
McNeese State University	1	\$116,310
Southeastern Louisiana University	3	\$207,564
Tulane University	3	\$339,690
University of Louisiana – Lafayette	7	\$908,563
University of Louisiana – Monroe	2	\$145,402
University of New Orleans	3	\$487,311
<b>TOTAL</b>	<b>54</b>	<b>\$5,440,364</b>

**Fiscal Year 2007 Regents Support Fund Enhancement Awards (excludes Endowed Professorships)**

Baton Rouge Community College	4	\$226,920
Bossier Parish Community College	7	\$329,503
Centenary College	3	\$184,365
Delgado Community College	1	\$25,000
Dillard University	6	\$355,061
Fletcher Technical Community College	1	\$85,000
Grambling State University	1	\$110,000
Louisiana College	1	\$69,212
Louisiana Delta Community College	4	\$203,768
LSU Agricultural Center	8	\$695,869
LSU – Alexandria	1	\$75,942
LSU and A & M College (Baton Rouge)	13	\$1,658,208
LSU – Eunice	1	\$39,238
LSU – Shreveport	13	\$350,947
LSU Health Sciences Center – New Orleans	1	\$15,000
LSU Health Sciences Center – Shreveport	3	\$220,473
Louisiana Tech University	16	\$901,821
Loyola University	5	\$384,148
McNeese State University	3	\$258,923
Nicholls State University	11	\$630,348
Northwestern State University	3	\$392,246
Nunez Community College	1	\$50,000
River Parishes Community College	2	\$75,058
South Louisiana Community College	1	\$70,000
Southeastern Louisiana University	6	\$385,052
Southern University and A & M College (Baton Rouge)	3	\$281,380
Southern University – New Orleans	1	\$24,951
Southern University – Shreveport	3	\$107,160
Tulane University	1	\$154,842
University of Louisiana – Lafayette	10	\$900,131
University of Louisiana – Monroe	7	\$391,655
University of New Orleans	2	\$363,306
<b>TOTAL</b>	<b>143</b>	<b>\$10,015,527</b>

**Fiscal Year 2007 Regents Support Fund Endowed Chairs**

LSU and A & M College (Baton Rouge)	4
LSU – Shreveport	1
LSU Health Sciences Center – New Orleans	1
LSU Pennington Biomedical Research Center	1
Louisiana Tech University	1
Loyola University	1
Our Lady of Holy Cross College	1
Southern University – New Orleans	1
Tulane University	2
University of New Orleans	2
Xavier University	1
<b>TOTAL NUMBER OF CHAIRS</b>	<b>16</b>
<b>TOTAL DOLLARS AWARDED</b>	<b>\$9,000,000</b>

**Fiscal Year 2007 Regents Support Fund Endowed Professorships**

(awarded under "Enhancement" category)

Baton Rouge Community College	2
Centenary College	11
Grambling State University	4
LSU Agricultural Center	6
LSU – Alexandria	3
LSU and A & M College (Baton Rouge)	28
LSU Health Sciences Center – New Orleans	17
LSU Health Sciences Center – Shreveport	5
LSU Law Center	5
LSU - Shreveport	10
Louisiana Tech University	3
Loyola University	7
McNeese State University	13
Nicholls State University	4
Northwestern State University	3
Nunez Community College	1
Our Lady of Holy Cross College	4
Saint Joseph Seminary College	3
Southeastern Louisiana University	3
Southern University – New Orleans	1
Southern University Law Center	1
Tulane University	11
University of Louisiana – Lafayette	21
University of Louisiana – Monroe	2
Xavier University	7
<b>TOTAL NUMBER OF PROFESSORSHIP SLOTS:</b>	<b>175</b>
<b>TOTAL DOLLARS AWARDED:</b>	<b>\$7,060,000</b>

**Post-Katrina Support Fund Initiative**

LSU and A & M College (Baton Rouge)	\$7,000,000
LSU Health Sciences Center – New Orleans	\$5,500,000
Louisiana Tech University	\$3,600,000
University of New Orleans	\$5,000,000
Delgado Community College	\$925,000
LSU – Shreveport	\$406,075
Loyola University	\$625,000
McNeese State University	\$163,000
Nicholls State University	\$500,000
Southeastern Louisiana University	\$425,000
Xavier University	\$1,047,125
<b>TOTAL</b>	<b>\$25,191,200</b>



# POST-KATRINA FEATURE SECTION





## POST-KATRINA SUPPORT FUND INITIATIVE (PKSFI) FOCUSES RESOURCES ON RECOVERY AND ECONOMIC DEVELOPMENT

*Shortly after Hurricane Katrina struck in 2005 (followed closely, of course, by Rita), Louisiana's higher education community recognized that the state's long-term economic viability would depend to a significant extent on the recovery of university research capacity and the application of that capacity to economic development.*

With this objective in mind, in December 2005, Regents voted to set aside \$26.8 million from the BoRSF (under the Enhancement category) to underwrite projects to advance science in Louisiana to national and international levels; accelerate economic development and establish nationally-recognized research centers; and fund educational reforms to strengthen Louisiana's scientific student pipeline.

The areas of concentration specified under the research subprogram were biological sciences, materials sciences and information technology. These disciplines would support Louisiana's research strengths and provide opportunities for economic development. Proposals had to provide plans for the improvement of undergraduate science and engineering education that featured broad impact workforce development potential, institutional leveraging, sustainability and scalability and a provision for assessment.

In June 2007, the Board of Regents **awarded funds totaling approximately \$25.2 million to 11 Louisiana colleges and universities** through the PKSFI.



The campus of the University of New Orleans was nearly inundated by the flood that followed Hurricane Katrina.

### POST-KATRINA SUPPORT FUND INITIATIVE PRIMARYLY RESEARCH SUBPROGRAM AWARDS

#### LSU Health Sciences Center-New Orleans

*Center of Excellence for Vaccine Development*

► **\$5,500,000**

#### Louisiana Tech

*Center for Excellence in Integrated Smart Sensor Surveillance System*

► **\$3,600,000**

#### LSU and A&M College (Baton Rouge)

*The LONI Institute: Advancing Biology, Materials, and Computational Sciences for Research, Education, and Economic Development*

► **\$7,000,000**

#### University of New Orleans

*Center for Advanced Materials and Nanotechnology in AMRI*

► **\$5,000,000**

"Each of the research and educational enhancement projects funded through the Post-Katrina Support Fund Initiative addresses critical economic or educational issues facing our state — not simply issues directly related to recovery, but also those impacting the long-term quality of life of our citizens," said Commissioner of Higher Education Joseph Savoie. "I'm very pleased with the response we received from our institutions across the state."

"All of the proposals received under each subprogram were carefully evaluated by out-of-state reviewers selected for their nationally-recognized expertise in a variety of research or education specialization areas," said Dr. Kerry Davidson, Board of Regents Deputy Commissioner of Sponsored Programs and primary coordinator of the PKSFI. "The reviewers were very complimentary of the overall high quality of the proposals submitted for evaluation. This confirms our confidence that this initiative will achieve its intended goals."



This student laboratory at Southern University — New Orleans is typical of the aftermath of Hurricane Katrina.



A research associate helps with post-Katrina clean-up of lab at LSU Health Sciences Center — New Orleans

## POST-KATRINA SUPPORT FUND INITIATIVE PRIMARYLY EDUCATION SUBPROGRAM AWARDS

### LSU-Shreveport

*Bossier SciNet: Using Information Technology Resources to Develop Interdisciplinary Life Science Education Enhancements in Freshman/Sophomore Life Science and High School Curricula*

► \$406,075

### Xavier University

*PKSFI/Xavier Biothrust 21: Rebounding from Katrina and Achieving New Heights in Educating a 21st Century Biosciences Workforce*

► \$1,047,125

### Southeastern Louisiana University

*Leveraging Louisiana's Industrial and Human Resources for Post-Katrina Recovery*

► \$425,000

### Delgado Community College

*Revised and New Curricula to Meet Post-Katrina Employment Development Needs of the Region*

► \$965,000

### Nicholls State University

*Laboratory Education Experiences for Freshman and Sophomore Level Undergraduate Students in Biological Sciences*

► \$500,000

### Loyola University

*An Interdisciplinary and Experimental Approach to Strengthen Recruitment, Retention, and Training in Biological and Materials Sciences in Post-Katrina New Orleans*

► \$625,000

### McNeese State University

*Mentoring at McNeese State University*

► \$163,010

# REGENTS FEATURE SECTION

## Enhancement Grants Equip Faculty Across Louisiana for Groundbreaking Research

High-speed test and measurement equipment purchased with a BoRSF Enhancement Grant enabled the University of Louisiana-Lafayette's Electrical and Computer Engineering Department to establish an undergraduate/graduate education and research telecommunication laboratory that is unique in the state. The goal is a world-class telecommunications infrastructure that includes well-trained personnel to support Louisiana's economic development and diversification. Toward that end, new courses have been developed and others revised, and equipment is available for conducting testing, staging, research and innovation that local Louisiana businesses cannot perform using their own facilities.

The LSU Coastal Studies Institute's Earth Scan Laboratory, a receiving and processing facility for environmental data from earth orbiting satellites, is one of the nation's leading university facilities with capabilities for the capture, analysis, and archiving of data from 10 satellites. A BoRSF Enhancement Grant enabled the establishment of a separate teaching lab with state-of-the-art hardware and software for training undergraduate and graduate students and researchers at LSU and other state universities.

In collaboration with Southern University and the University of New Orleans, the LSU contingent is using the lab's satellite measurements to develop ecological models to predict coastal change over the next 50 years. In June 1988, a BoRSF Grant provided the initial funding for the establishment of the LSU Earth Scan Laboratory, the first university-based satellite data receiving station in the nation established completely by state funds.

Equipment purchased for Dillard University's Visual Religious Art Program resulted in DVDs of presentations by invited speakers, a renewal of student interest in undergraduate research, and collaborations between students from the Art and Religious Studies departments. The syllabi of two courses have been redesigned so students from both courses can work together, and a forum and exhibit on World Religions was scheduled for the Fall.



**University of Louisiana** – Dr. Peng Li works on the Lucent DWDM 400G optical switching system at the ULL research telecommunication laboratory.





A BoRSF Enhancement Grant funded the purchase and installation of infrastructure, equipment and supplies toward the establishment of a Forensic Chemistry Laboratory in the McNeese State University Chemistry Department. The lab affords students the use of tools that run the gamut of forensic investigations and exposes them to state-of-the-art methodologies and techniques. The first forensic chemistry program at a Louisiana public university, it was developed in response to a growing interest in the use of science in the solution and prevention of crime and in close collaboration with the Southwest Crime Laboratory.

At the start of its third year, the program had already graduated three majors, all female Louisiana natives, one a minority. One graduate is working on an MS degree at McNeese State University and another is employed at a Louisiana crime lab.

An advanced computational analysis core facility funded by a BoRSF Enhancement Grant is enhancing learning for some 500 LSU-Shreveport undergraduate students per semester. The high-end technology-powered computing facilities are essential for processing large quantities of data generated in a variety of fields, ranging from physical and life sciences to engineering and business.

Through this project, with its computational environment that supports the rapid conversion of theory into practice, students who wish to pursue careers in industry gain exposure to high-demand skills. It also offers increased opportunities for students and faculty to participate in collaborative research with industrial and institutional partners.

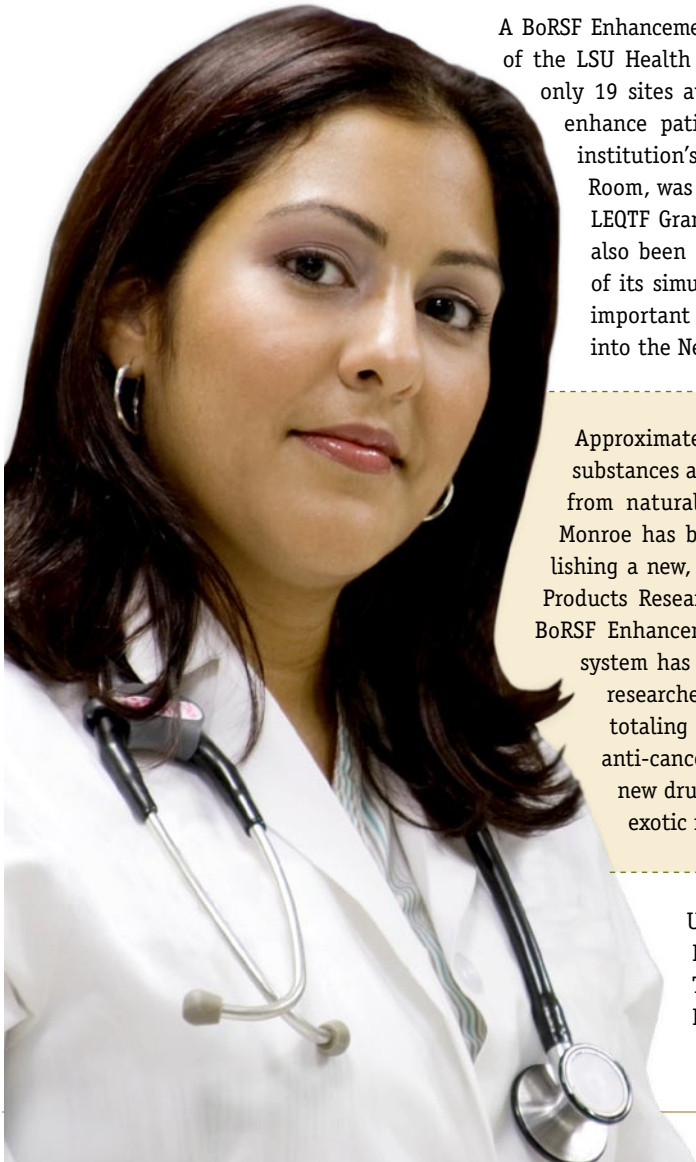
Chemical terrorism detection equipment purchased through a BoRSF Enhancement Grant to LSU-Eunice is representative of that found in environmental and state public health laboratories responsible for detecting and confirming the presence of chemical warfare agents. The equipment inventory includes a gas chromatograph that detects chemical war agents and other chemicals within mixtures and is the only one of its kind in southwestern Louisiana.

The equipment is extremely important to science majors for professional training in fire science, environmental protection and emergency response. As of last June, some 300 students had been trained to identify chemical terrorism problems and to develop a successful chemical terrorism security compliance program. Additionally, faculty are able to conduct research in new areas and to develop collaborative projects with colleagues in other disciplines.

By the conclusion of a two-year BoRSF Enhancement Grant to build a collection of Cajun and Creole Music at the University of Louisiana – Lafayette, over 7,000 items of both commercially-released and non-commercial recordings had been amassed. Other donated materials included promotional photographs and posters from music companies, photos of musicians, books about Louisiana music and musicians, and educational booklets and pamphlets.

Equipment has been purchased for preservation and digitization projects, public listening and viewing work stations and storage. Reference and research requests have been received from musicians, faculty and students, folklorists, librarians, the Public Radio International Program, NPR's American Routes, and the New York School of Theatre. The project is thus contributing to Louisiana's development and diversification, particularly in the area of cultural tourism.





A BoRSF Enhancement Grant played a key role in the selection of the LSU Health Sciences Center in New Orleans as one of only 19 sites awarded an NIH Grant for studying ways to enhance patient safety. The award, coupled with the institution's Minimally Invasive Simulation Operating Room, was attributable to equipment purchased by the LEQTF Grant. Due in part to this project, LSUHSC has also been awarded a patent for a significant upgrade of its simulator operating system, which will play an important role in recruiting students and physicians into the New Orleans area.

Approximately half of therapeutically important drug substances are either natural products or directly derived from natural products. The University of Louisiana – Monroe has been making considerable success in establishing a new, internationally competitive Marine Natural Products Research Program in its College of Pharmacy. A BoRSF Enhancement Grant used to purchase a high tech system has significantly elevated the investigations of researchers who in 2005 were awarded two grants totaling over \$1 million. The identification of new anti-cancer drugs produced by tobacco plants and of new drug substances from such natural resources as exotic marine sponges are among the research foci.

Unique equipment purchased by a BoRSF Enhancement Grant for a new Louisiana Tech Trenchless Technology Education and Research Laboratory is offering a more comprehensive

educational experience for undergraduate and graduate students. A workshop attracted practicing engineers from Ruston and the Oak Ridge, Tennessee, nuclear complex.

The National Science Foundation considers the University of New Orleans Program to recruit local minority students into geosciences as the most successful in the nation. A thermal imaging camera purchased with BoRSF enhancement funds for use in developing a long-term archeological geophysics project at UNO is supporting seventh–12th grade teachers and their students in their search for unmarked graves of slaves.

A facility that an Enhancement Grant to the LSU Health Sciences Center in New Orleans helped establish will improve the ability of researchers to compete for grants in key areas of vaccine and bio-defense research, aid in the recruitment of new faculty members, and contribute to the development of new biotechnology in the state.

Two four-year doctoral-level fellowships were awarded to Southern University's Environmental Toxicology Program, one of only 59 such Ph.D. programs in the nation. Because Louisiana is annually listed as one of the top 10 most polluted states and the Baton Rouge-New Orleans corridor as one of the top five most polluted in the nation, Southern's Environmental Toxicology Program is uniquely positioned to make a significant contribution to the state's workforce of environmental scientists, teachers and engineers working to reduce the level of pollution in Louisiana.

## From Healthcare To Soybean Farming, Research & Development Awards Stimulate Broad Range Of Academic Investigation

The Center for BioModular Multi-Scale Systems (CBM<sup>2</sup>) is the centerpiece of a 2004–2007 \$9 million National Science Foundation EPSCoR Grant matched by \$3 million from the BoRSF and \$1.5 million from participating institutions. Participants include researchers with expertise in microsystems, engineering, materials, chemistry and biological systems from LSU, LSU's Center for Advanced Microstructures and Devices (CAMD), the LSU Health Sciences Center in New Orleans, Tulane Health Sciences Center, and Xavier University in New Orleans.

The Center's research includes the development of numerous systems for the Human Genome Project that spans a wide spectrum — from the creation of new molecular diagnostic tools to the development of new DNA fingerprinting technology — and crosses the boundaries between micro- and nanotechnology, biology and engineering, medicine and homeland security.

CBM<sup>2</sup> Director Dr. Steven A. Soper points out that the Human Genome Project is dedicated to discovering all of the roughly 40,000 human genes that make up the human genome; determining the complete sequence and function of each set of genes in the 3 billion base set of human chromosomes; and understanding how errors in these genes can give rise to certain diseases. Soper said that under the auspices of CBM<sup>2</sup>, investigators have developed new techniques and devices to rapidly and efficiently isolate pieces of DNA and search for rare mutations in DNA that give rise to various diseases.

A year-long sabbatical funded in part by a Board of Regents Awards to Louisiana Artists and Scholars (ATLAS) Grant, freed a former humanities research professor and Centenary College dean to finish writing what is the first English language commentary on the Greek translation of the biblical book of Genesis. Titled *LXX Genesis: A Commentary*, the manuscript is scheduled for publication this year.

An ATLAS Grant funded six Louisiana-focused programs for the National Public Radio series, *American Routes*, all of which have been aired. The support was critical in keeping the program up and running after Katrina flooding forced the producers from their University of New Orleans offices. A six-part series inspired by hurricane-related tragedies, *After the Storm*, was also created within the grant period.



Dr. Steven A. Soper, director of the Center for BioModular Multi-Scale Systems (CBM<sup>2</sup>), discusses a project with a graduate student.

Electrical activation of neural tissue has been used for several decades as a treatment method for such neural disorders as Parkinson's disease, spinal cord injury and pain management. A team of Louisiana Tech University investigators awarded a BoRSF Research Grant has successfully demonstrated a concept that could eliminate a major problem in the design of neural stimulators. Their goal: floating light-activated electrical stimulators for remote activation of neural tissue to eliminate the problem of tissue damage caused by wires in the implant and the outside world. The researchers have been awarded a \$287,000 National Institutes of Health Grant to continue their work.

Louisiana Tech University researchers awarded a three-year BoRSF Research Grant in biotechnology have been awarded two patents. The first was for a method of polymer nano-assembly for drug and protein microparticles; the second for a method of sustained drug release for nano-organized microcapsules. The latter resulted in a \$900,000 NSF Grant. The PI, who headed a national symposium in New York titled "Smart Nanoassemblies" that was attended by 200 leading nanotechnology researchers, was also invited to give two international presentations on his research.

In addition, he trained five Louisiana Tech professors in the technique of nano-fabrication by self-assembly who have in turn developed national leadership in nano-assembly and have been awarded four major grants. Over 40 students also underwent training, one of whom is currently working on a micro fluidic nano-scale device at the Max Planck Institute in Germany.

A team of LSU Health Sciences investigators in New Orleans is developing HIV infection therapies that are based on targeting host genes rather than viral genes. They have demonstrated that inhibiting the furin cellular enzyme with a particular synthetic drug (D9R) is highly active against the AIDS virus. The recipients of a BoRSF Research Grant, the investigators are also developing computer approaches to analyze a major determinant of the biology of both normal and malignant cells. Their work has established their laboratory as a leader in testing potential new anti-HIV drugs for companies and academic scientists.

An academic and industrial collaboration that also involves Children's Hospital, the University of New Orleans (UNO) and Norion Diagnostic Innovations (an R&D company focusing on developing diagnostic assays for measuring HIV drug resistance), the project has been awarded approximately \$400,000 from the National Institute of Allergy and Infectious Diseases.







In 2002, a BoRSF Research Grant was awarded to the University of Louisiana-Lafayette Center for Business and Information Technology to address the fact that current electronic business management solutions were too expensive and complex for many of Louisiana's small and medium businesses to implement. The Center's goal was to develop a robust and secure information architecture that businesses could profitably implement to support collaborative electronic-business management methodologies with their supply chain partners.

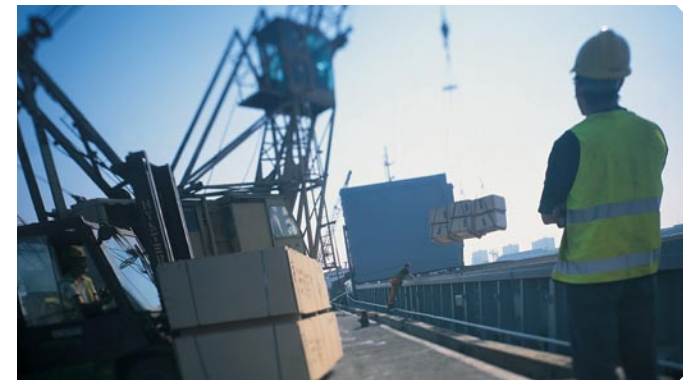
The BoRSF Grant has paid off in a big way. Based on a survey in which the capabilities of Louisiana businesses were measured, the Center designed a framework and developed a suite of collaborative and business management software solutions, one of which resulted in a feasibility study and two funded research projects with the Defense Logistics Agency of the U.S. Department of Defense. Guidelines for the commercialization of the software are being established.

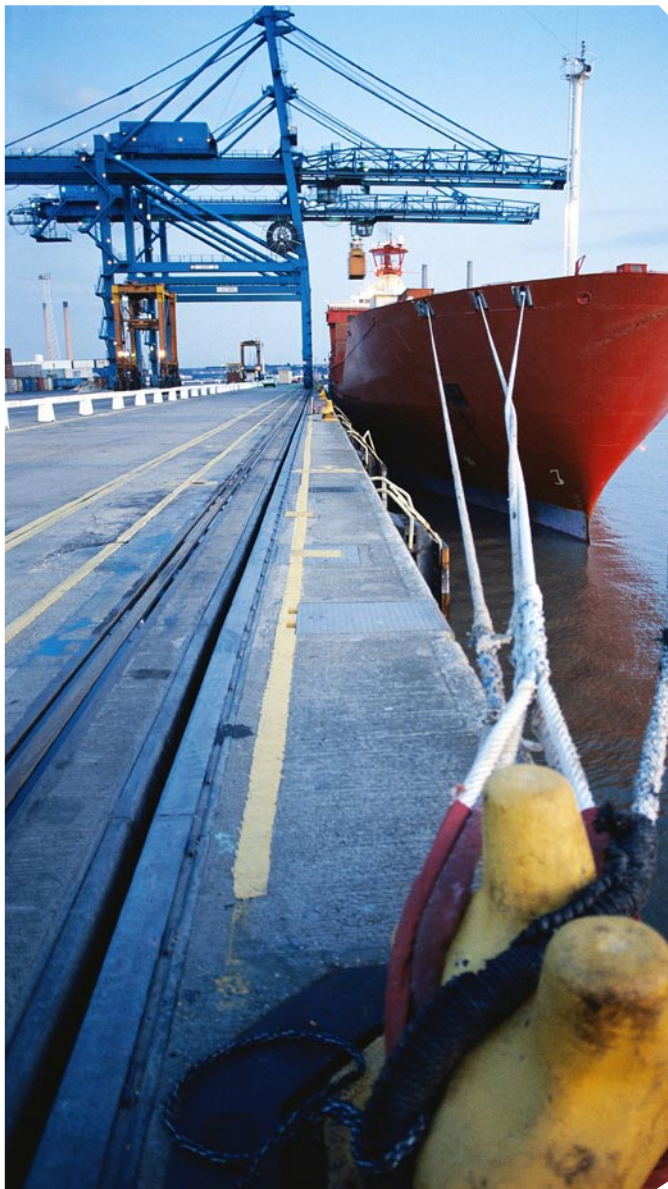
There are 223 lift boats — self-propelled crane vessels that jack-up on site for offshore operations — operating worldwide. Of that total, 207 — or 93 percent — operate in the Gulf of Mexico. In 2003, the University of New Orleans was awarded a BoRSF Research Grant to investigate the problems encountered when lift boats operate at higher speeds of seven to nine knots. After UNO tests demonstrated that setting a bow plate ahead of a lift boat bow resulted in a 10 to 15 percent reduction in its overall resistance, a patent was issued.

While the damage to UNO's industrial collaborators by Hurricanes Katrina and Rita temporarily postponed a full scale trial of the investigation's results, it also facilitated a number of other accomplishments. They include an energy-saving device that can be fitted to existing lift boats to increase their current speed and operation range; the continuation of UNO's industrial ties to a Louisiana shipyard as well as a group of Louisiana lift boat operating companies; and the hiring of UNO students for intern and full-time positions.

A unique non-invasive cardiac diagnosis and monitoring system developed by Louisiana Tech University researchers awarded a BoRSF Research Grant has resulted in four full patent submissions and four international conference presentations. Participation in the 2005 "World's Best Technologies Showcase" generated favorable interest from various angel and seed investors, and the university has licensed the technology to a start-up company.

This project will contribute to the medical technology industry, which is traditionally under-represented in Louisiana, through cutting edge research, links with established medical manufacturers and facilities, and the transfer of research results to a commercially-available product.





Results of a study funded by the BoRSF at the LSU Agricultural Center will provide the Louisiana soybean industry with a cheaper, more efficient method for timing insecticide applications for defoliating insects. Based on remote sensing, the new method will also lead to greater profitability for farmers and less environmental damage. Currently, Louisiana's soybean fields are under-sprayed because of the high cost of conventional methods. The more efficient, less expensive remote sensing method will allow farmers to know when insecticide application is warranted.

Because Louisiana is the nation's third largest chemical producing state, annually shipping approximately \$11 billion in chemicals in intermodal tanks, Louisiana State University and A&M College researchers developed a new generation of composite frame and tank systems for intermodal transportation concentrated on that industry.

Steel frames and tanks represent over 60 percent of the gross weight during transportation. Highway load limits significantly reduce the load carrying capacity of tanks. Using advanced composite materials, the LSU researchers developed innovative frame structures and intermodal tanks that achieve the same structural functionality as their steel counterparts but with significant weight savings. They also reduce truck fuel consumption by about 20 percent.

The BoRSF Research Grant project also resulted in a patent and over \$7.5 million in external funding.







**BESE**



# BESE OVERVIEW

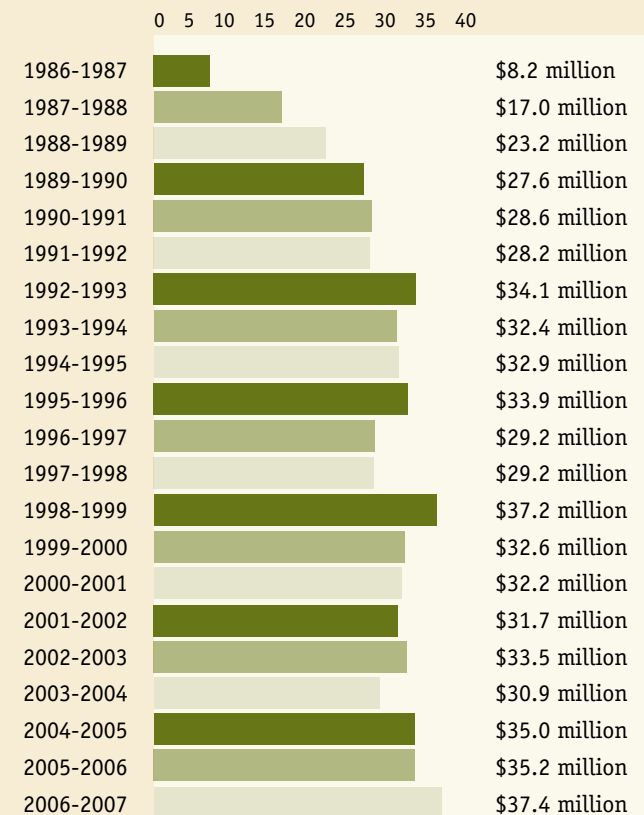
As explained earlier in this report, a portion of the LEQTF's Support Fund is allocated to BESE. The 8(g) funds administered by BESE are utilized for the support and enhancement of elementary and secondary education in public and nonpublic systems, public independent schools and nonpublic independent schools meeting eligibility requirements. BESE's LEQTF fund has poured an estimated \$630.2 million into public and nonpublic elementary and secondary schools and to state agencies for more than 6,400 funded educational projects in the past two decades.

The philosophy of BESE has been that local school systems should determine the needs of their students and how to best address those needs by targeting key state education initiatives. This flexibility allows local schools and school systems to determine what programs, at what grade levels, and for what groups of students 8(g) dollars will provide the greatest benefit. This aid to local schools and school systems is separate from yearly state allocations for basic operations, and state officials contend that BESE's 8(g) fund has quietly enhanced student academic achievement at often under-funded schools for years. Many of the gains realized through the trust would not have been possible through traditional funding methods.

BESE awards grants on an annual basis using three funding methods: competitive, block and statewide grants, and it focuses its grant awards on improving classroom teaching and learning. Dollars for elementary and secondary education have paid for new computers, courses taught through the Internet, and classes for four-year-olds. Local schools and school systems submit project proposals that are written according to published guidelines and funded through a review process.



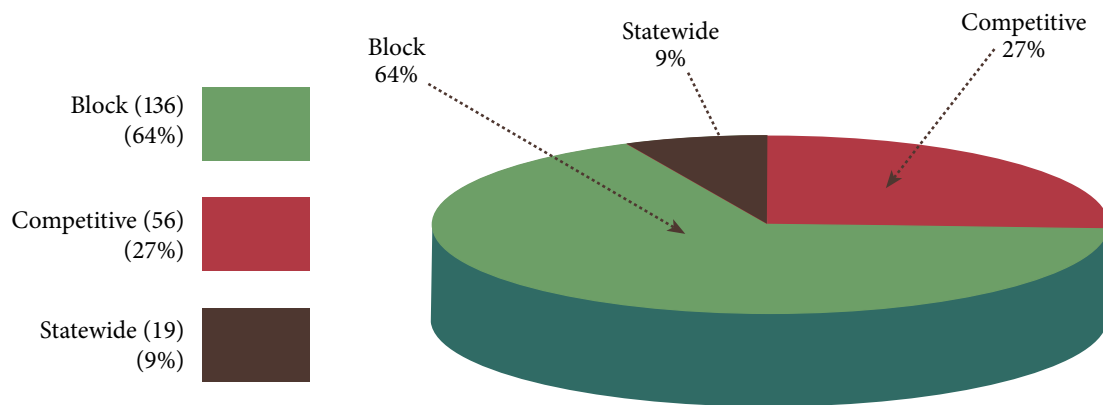
## Board of Elementary and Secondary Education 1986–2007 Allocated Grants



**Total:** \$630.2 million

From 1986-2007, the Board of Elementary and Secondary Education has allocated over \$630 million in education grants for public and nonpublic systems, public independent schools, nonpublic independent schools, and statewide education initiatives.

### 2006-2007 8(g) Grant Awards by Budget Category (211 Projects)



#### Through innovative programming, BESE strives to:

- establish expectations of academic excellence;
- require accountability of performance;
- provide superior instruction/state of the art technology; and
- ensure educational leadership/management.

Each year, a percentage of the funded projects are evaluated for program effectiveness by independent evaluators hired by BESE. Student performance results and goal attainment are reported by each project at year-end. The fund is also reviewed periodically by the Legislative Auditor's Office. During the 2006-2007 school year, the 8(g) budget of \$37,405,581 funded a total of 211 projects. 8(g) funds provided technology, supplies, instruction, training and other experiences to students and educators statewide. The distribution across types of projects includes:

- 56 Elementary / Secondary Competitive Grant Projects
- 136 Elementary / Secondary Student Enhancement Block Grant Projects
- 19 Statewide Grant Projects

### Elementary/Secondary Competitive Grants

Agencies/schools receiving competitive grants identify exemplary and innovative initiatives designed to improve elementary and secondary student achievement or vocational-technical skill. The allocation of 8(g) funds is equitably distributed according to categories determined by agency/school size. Projects are funded on an annual basis with a maximum of three years of funding. **During FY 2007, BESE allocated \$5,100,000 for these competitive grants.** This competitive allocation of grants funded those innovative projects ranked highest by proposal reviewers who were appointed by the Board. **A total of 56 projects were funded out of 173 submitted proposals.**

In FY 2007, agencies were allowed to address one core subject area for any grades K-12. Projects submitted in these focus areas offered developmentally-appropriate instruction and comprehensive learning opportunities, with an emphasis on the implementation of the state-approved grade-level expectations (GLEs) and/or a model curriculum. Funded projects included: K-12 English/Language Arts (38 projects), K-12 mathematics (12 projects), K-12 science (three projects), or K-12 social studies (three projects). In any of the focus areas, agencies could serve students in any one grade-level or multiple grade-levels.



In Vermilion Parish, simultaneous instruction in the lab and classroom allowed students to collect and analyze data and derive and evaluate their findings within a more rigorous pre-college science curriculum.



First through fifth grade Caddo Parish students used mobile computer labs to participate in virtual field trips and conferences with experts in the field of social studies in their pursuit of an enhanced study of the United States.





Four-year-olds in Evangeline Parish engaged in different types of play including functional, constructive games with rules and dramatic play in order to encourage them to ask questions and think creatively.



Third and fourth grade students at Boutte Christian Academy engaged in peer editing using split-screen classroom computers and monitors to enhance their language arts skills.



Teachers designed Prekindergarten classes in DeSoto Parish to meet the cognitive, creative, health, physical, language, literacy and social/emotional needs of each child in order to prepare the child for a successful Kindergarten experience.



Prekindergarten students in St. James Parish were immersed in a variety of developmentally-appropriate hands-on activities that helped cultivate their creativity, vocabulary and problem-solving skills.

## Elementary/Secondary Student Enhancement Block Grants

The Elementary/Secondary Student Enhancement Block Grant Program provides funds for projects that serve as catalysts for student academic or vocational-technical skill improvement. Participants select from designated focus areas in accordance with local priorities. Eligible participants are limited to public and nonpublic systems, public independent schools and nonpublic independent schools meeting eligibility requirements. **In FY 2007, BESE allocated \$15,700,000 to fund 136 projects.**

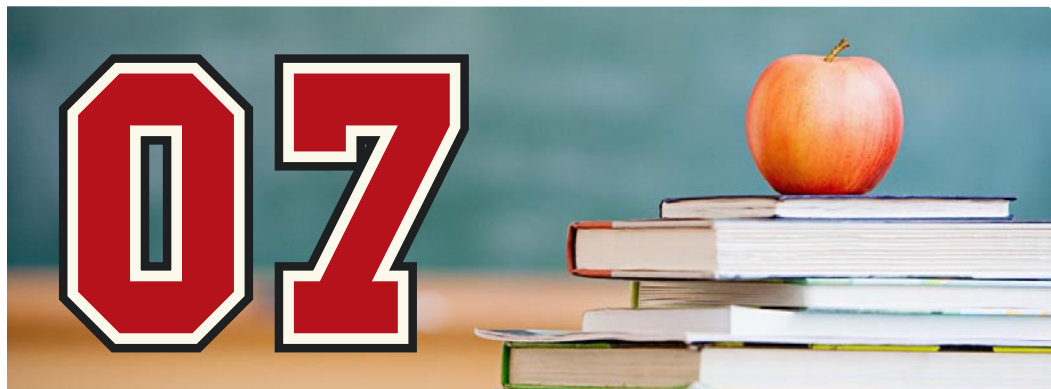
BESE allocated funds through an equitable formula based on agency/school enrollment. In FY 2007, public systems received a \$75,000 base allocation, and remaining funds were allocated on a per-pupil basis to all public systems, public independent schools and nonpublic systems/schools at a rate of \$13.72 per student. Projects targeted Prekindergarten programs for at-risk four-year-olds (73 projects) designed to improve the kindergarten readiness skills of children eligible to enter kindergarten the following year and who were at risk of being insufficiently ready for the regular school program. Other projects provided remediation for students unsuccessful on high stakes testing and/or unable to keep up with their peers (63 projects), which involved intense and focused instruction and/or early intervention strategies designed to remove deficiencies by offering students, who were in danger of failing academically, additional instruction utilizing proven methods to target specific content areas.

Local agencies/schools selected models that enhanced local education plans. Projects addressed specific standards through the implementation of prescribed, innovative strategies. Student achievement results, correlating to approved, measurable objectives, were utilized to evaluate project outcomes.

## Statewide Grants

Statewide projects are administered by state agencies, generally the Louisiana Department of Education (LDE), to provide **goods** (such as calculators), **services** (such as staff development), or flow-through **dollars** to schools or school systems. These projects targeted specific participants and focused on common goals determined by the administering agency and the Board. Some statewide projects were implemented on a pilot basis with select sites, while others impacted large numbers of schools and students throughout Louisiana. **In FY 2007, BESE funded 19 statewide projects, for a total of \$15,805,581.**

Funded projects addressed the following BESE Education Initiatives: student assessment, secondary school reform, reading, school and district accountability, quality educators, and content standards. Additionally, projects were developed in accordance with the constitutional categories under which the BESE 8(g) fund operates. Statewide projects fit into the following categories: Exemplary (nine projects), Research or Pilot (three projects), Purchase of Superior Textbooks (six projects), and Teaching of Foreign Languages (one project). Student-centered projects ranged from the purchasing of textbooks, library books and reference materials to immersive foreign language instruction. Students could also take advantage of online learning opportunities that allowed them to take courses not otherwise available in their schools. Teachers received assistance in obtaining state and national certification as well as intensive professional development while new school-level leaders and new teachers were involved in comprehensive induction efforts and activities. School systems benefited from mini-grants that provided matching dollars as an incentive to establish permanently endowed, local trust funds for future educational needs. The state put into action initiatives that helped teachers implement the state's new literacy plan; provided declining schools with recommendations for improvement; and gave high schools strategies for assisting students who had fallen behind in reading and math.



High school students at the Louisiana School for the Deaf used classroom technology to engage in the writing process including research, composition, peer editing and group assessments.



# CONCLUSION

This year's annual report focused on traditional Regents' grant projects as well as those generated through the Post-Katrina Support Fund Initiative. The LEQTF will continue to play an important role in funding innovative programs like these that enact positive change in our universities and schools. The Treasury will continue to work with Regents and BESE to ensure that LEQTF funding is available at all levels of education for years to come.

**John Kennedy**  
*State Treasurer*



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